

Submission to the white paper on Agricultural competitiveness

Background.

I am a dairy farmer in south east Queensland and have been involved in the industry for over thirty years. During the last ten years I have been a member of a collective bargaining group. It is with this background that I make the following submission.

1 Contract.

For the last six years (after the sale of Dairyfarmers Co-op to National Foods) the dairy industry in the state of Queensland has been in a position where there is effectively no competition between processors, which leaves the individual farmer with very little bargaining power. You are faced with the prospect of "sign the Contract presented to you or get out". Our bargaining group had the contracts considered by a retired barrister, his comments were that the document breached trade practices in numerous areas, but there would be little to be gained in challenging through the courts.

One issue cited was the extreme one sided nature of the contract heavily favouring the processor. Another was a clause that you must supply all milk produced on your farm to the one processor. Even if you were producing in excess of your contracted amount you had no right to sell this milk to another processor such as a boutique cheese maker who were willing to pay higher prices for small amounts of milk. Thus removing any competition from the market place.

Mediation is available through the collective bargaining agreement, but having learnt by experience this can be an expensive waste of time for even though the parties must attend there is no arbitration and at the end of the day a hefty bill the cost of the facilitator was all we had to show for the exercise.

Individually as farmers we could seek address through the courts but as one farmer I spoke to who had looked at this option unless you had at least \$50,000 to put on the solicitors desk forget it.

Another outcome was where farmers put up too much of a fight. In this case you would receive a letter saying you would not be offered a new contract.

Checks and balances.

At the moment much of our income hinges on the result of milk tests for fat, protein, and quality which includes Total Plate Count and Somatic Cell Count. Results could see your milk payments halved. Yet there is no redress, no independent check allowed indeed this is specifically outlawed in some contracts.

What is needed?

There is an urgent need for an independent body, Ombudsman maybe who has the power to oversee the contracts being offered farmers to at least ensure they are fair. This could operate on a similar basis to Work Choices.

This body could also do checks and audits on quality testing procedures and any rejection or penalties imposed on farmers.

The free market that has become a high altar for many of our politicians has proved to be a sacrificial table for our dairy farmers. The truth is in our industry; since "Deregulation" occurred we have been more regulated and restricted than ever. Our regulators are not government but overseas owned processors. I doubt if these number crunchers care too hoots about the welfare of farmers or the future of the industry as long as this year's figures are acceptable to their overseas owners.

If there is to be a profitable future for agriculture then the current imbalance so heavily in favour of processors and retailers must be addressed. I do not mention price paid for goods I am sure many others will do so but unless some justice can be given to farmers then the future is very bleak.

Laurie Dunne